



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

JAPAN'S COMMERCIAL ASPIRATIONS.

BY FREDERIC COURTLAND PENFIELD.

"The Pacific Ocean, its shores, its islands, and the vast region beyond, will become the chief theatre of events in the world's great hereafter."—WILLIAM H. SEWARD in the United States Senate, 1858.

So much has been published, since the signing of the peace agreement at Portsmouth, of Japan's golden future as a trading nation that readers may be forgiven for coming to believe that the sturdy yellow men are hereafter to dominate the trade of the Orient as completely as their strategy and courage mastered Russia's military strength on land and sea. No country has ever been written of to the extent that Japan has been by Americans and Englishmen in the past two or three years; and the amazing successes of the Japanese army and navy so fired the admiration of journalists having to do with the war that the pens of many of them ran riot when they came to write of what Japan would be after the conflict. But to elevate the Japanese by a few sounding phrases to an immediate commercial importance in the Far East, to the obvious exclusion of the United States, Great Britain, Germany and France—with no intervening formative period, and no upbuilding processes—is scarcely permissible.

None better know the amount of hard work that will be required to give their nation a secure place in commerce than the Japanese themselves; and, throughout the Island Empire, the determination to take advantage of the opportunity now presented is well-nigh unanimous.

Japan's scheme for national betterment, already inaugurated, is presumably as carefully prepared as was the war programme. The Mikado's Empire emerged from the Russian war with energies enormously aroused, and every condition now favors a speedy realization of the dream of empire, giving to Japan an

importance amounting almost to sovereignty over the Far East. The new treaty with Great Britain should have a steadying influence on the policy of the Tokyo Government.

By the war, and by the subsequent negotiations at Portsmouth, Japan gained practically everything she sought, except an indemnity covering expenses in the campaign. It is well to recall that it was Russia's presence in Manchuria, forbidding the mainland of Asia to the rapidly increasing population of the Island Empire, that caused the conflict. Hence, to supplant Russia in the Liao-tung peninsula, to gain proprietorship over Port Arthur and Dalny, a goodly section of the railway connecting Manchuria with the Trans-Siberian line, and a control over Corea practically amounting to guardianship, are enormous rewards, compared with which failure to secure a money indemnity is insignificant.

With the transition of Japan from war to peace, the process of fiscal recuperation and industrial development will be watched with keen interest. At the close of the war, Japan's public debt approximated \$870,000,000, which sum, apportioned among Nippon's 47,000,000 inhabitants, is \$18.71 *per capita*. The sum properly chargeable to the war is \$600,000,000, or thereabouts; it will be reduced when the Japanese treasury is reimbursed for the support for months of many thousand Russian prisoners. Whatever the total, the ambitious and sturdy people of Japan are not disposed to regard it as an excessive burden, and it is their determination to treat the bonded debt as a spur to active industry.

A large part of the debt incurred before the war was for public works, most of which are productive. Funds realized from early loans, both foreign and domestic, as well as a portion of the income from the Chinese indemnity, were invested in commercial enterprises owned and fostered by the Empire; and the Government receives a considerable benefit from the public railways, tobacco monopoly, woollen-mills, and a few other industrial ventures. The railways are extremely profitable, and the large sums spent in the creation of post-offices, telephones and telegraph lines, port facilities, etc., have proved wise investments.

No country can present a better foundation for industrial and commercial development at this time than Japan, and the signing of the peace agreement probably marks the beginning of an

era of national growth that may challenge the admiration of the world, as did the feats of arms of Oyama and Togo. The war cemented classes in Japan almost to a condition of homogeneity. Practically every subject of the Mikado believed in the necessity for the conflict, and made sacrifices to contribute to the cost thereof. Distinctions of class are now seldom thought of in Japan, and it contributes mightily to the material improvement of a nation to have a single language. The descendants of the samurai class acknowledge the need for trade on a grand scale, and they are only too ready to embark in manufacturing and trading enterprises. There are scarcely ten great fortunes in the realm, and the number of subjects removed from activity by even moderate affluence is remarkably small. Likewise, the number of persons reckoned in the non-producing class, through dissipation or infirmity, is insignificant. And, more potent than all these reasons, which unite to assist in the expansion of Japanese industry and thrift, is the intense patriotism of the people, stimulated by signal success in two wars against foreign nations of overwhelming populations, as well as the recognition from high and low that Japan's golden opportunity has arrived. Almost to a man, the Japanese want to employ their sinews and intellect in elevating the Land of the Rising Sun to an honored place among progressive nations.

The Japanese exchequer is at present a long way from depletion, by reason of the \$150,000,000 loan secured in America, England and Germany. Probably two-thirds of this remains to Japan's credit in the countries mentioned. Many Tokyo bankers believed the loan unnecessary, inasmuch as there were funds in hand sufficient to finance the war well into 1906, had peace not been agreed upon. But the flotation was deemed wise, not alone because of prevailing ease in the money-market, but for the effect that an oversubscribed loan in America and Europe would have upon the Tsar's Government. The portion of the loan remaining unused is available for giving immediate effect to Japan's industrial propaganda, and presumably will be spent for the endless machinery demanded by the factories and shipyards that are to transform Japan into a workshop, for structural metal, and for steel rails, cars and locomotives for railways in Manchuria and Corea; and generally for the hundred and one purposes which are to play a part in the development of lands hitherto out of step

in the march of enterprise, and where strife has until now stifled the usual manifestations of man's desire to improve his surroundings.

There is no likelihood of a reduction in Japan's debt for a long time, but its weight upon the people may be reduced by conversions. As the national credit strengthens, the interest on borrowings may be correspondingly decreased. Consequently, there may be frequent funding operations and new issues, until seven and six per cent. bonds shall have given place to obligations bearing five per cent. interest or less. To provide funds for early railway-building, a considerable amount of capital was borrowed at as high a rate as ten per cent. When these obligations expire, all necessary money can be found in the country for less than half the present rate. Japan is fortunate in having many sound financiers to invite to her official councils. Tokyo and Yokohama bankers are competent and progressive, and these men pronounce Japan's present financial position sound, and claim that the country can easily carry the existing debt.

In natural resources Japan is not well-to-do. Examine the country in as friendly a spirit as one may, little is discovered to support any statement that the country may become prosperous from products of the soil. In truth, Japan is nearly as unproductive as Greece or Norway, for only sixteen per cent. of her soil is arable. The mountain ranges and peaks and terraced hills that make the country scenically attractive to the tourist almost prohibit agriculture. The lowlands, separating seacoast from the foot-hills, and the valleys generally, are given over to rice-culture; and these contribute largely towards sustaining the people. Where valleys are narrow, and on hillside patches, cultivation is carried on wholly by hand. In recent years, the use of phosphates and artificial fertilizers has been encouraged by the Government; and, with the educational work now in hand, scientific husbandry may result in an increase of crops from the circumscribed tillable area. The country's forests cannot be sacrificed, and grazing-lands for flocks and herds scarcely exist.

A recent magazine writer, holding a doleful view of Japan's agricultural condition, wholly overlooked the silk and tea crops in his search for natural products, an error obviously fallen into because of the fact that these are not raised on what governmental reports call "tillable ground"—that is to say, they are produced

outside the sixteen per cent. "arable" area. Silk is Japan's important salable crop, two-thirds of which is exported in its raw state. In the past two years, the silk exports have averaged \$55,000,000. Japan grows the tea consumed by her own people, and, besides, sends annually \$6,500,000 worth to market.

If the rice crop might be exported, it would realize \$200,000,000 each year. But no food may be sent abroad, for it is a sad fact that Japan is capable of feeding only two-thirds of her people. Last year it was necessary to import foodstuffs to the extent of \$47,000,000. The Japanese benefit by the supply of fish secured from the seas washing her shores. When it is realized that Japan's rapidly growing population cannot be sustained by her soil and fisheries, the real reason for her resistance of Russia's aggression on the mainland may be understood, for, ten years hence, Japan's crowding millions, confined to her own islands, would experience the pangs of hunger.

"Having deposits of coal and iron, why may not Japan be developed into the Eastern equivalent of England?" ask stay-at-home admirers of the Japanese, who believe that to the Japanese nothing is impossible. The Mikado's territory has coal, iron and copper, it is true; but in no instance is the mineral present to an extent that could make it a national asset of importance. Bituminous coal of good quality is mined at several points, and it is used by Japanese commercial and naval vessels; but elsewhere in the East it has to compete with Chinese and Indian coal. It is said in Nagasaki that Japan's coal will last another two centuries; but were it mined on the same scale as American and British coal it would be exhausted in a generation. The greatest efforts have been made to produce iron ore in paying quantities, and, in several instances, public assistance has been lent to the industry; but seldom has a ton of ore been raised that has not cost twice its market value. Japan is determined to become a maker of iron; and to this end it was reported in Tokyo a few weeks ago that a long lease had been secured of an important mineral tract in China, whose ore blends advantageously with Mexican and Californian hematite. Another rumor in official Tokyo is that the Government has secured in Manchuria a seam of coal fifty feet in thickness, covered by a few feet of soil, that is contiguous to transportation and cannot be exhausted in hundreds of years. A valuable acquisition in conquered Saghalin—

not noted by the newspapers—is a vast area of beds of coal and iron. These may enable Japan, in her determination to become a manufacturing nation, to be independent eventually of other countries for basic supplies. But success in this direction is problematical and remote, to say the least.

For two thousand years, Japan has mined copper in a limited way, but the production of the metal is carried on at present without much profit. When the Chinese Government recently required a large quantity of copper, the order was sent to the United States. Japan cannot be considered as a producer of minerals of sufficient importance to aspire to a profitable career through them, for the yearly aggregate value of all minerals, including gold from the Formosa mines, is not more than \$20,000,000.

The inevitable query in the reader's mind is, How is the Japanese—knowing it is now or never with him, and that he is poor in all save ambition and enterprise—going to create for his beloved Nippon a position of prominence and security in the fast-rushing, selfish world?

The Japanese possess some quality of golden value, otherwise cautious capitalists in America and Europe would never have lent them \$360,000,000. What is it?

Japan's asset of importance is the awakened energy of her people; this is the soundest security back of the bond issues. It won the war over Russia, and persons familiar with the Japanese character believe it is now going to win commercially and industrially. Japanese bonds stood as firm as the rock of Gibraltar on the world's exchanges when it became known that Russia was to pay no indemnity. The information provoked street riots in Tokyo; but Japanese securities moved only fractionally in New York and London.

Two countries have long been keenly observed by enlightened Japanese. The Japanese study America as a model industrial land, and they get manufacturing ideas from us; but they look to Great Britain for everything that has to do with empire, with aggrandizement, and with diplomacy. To them England is a glittering object-lesson of a nation existing in overcrowded islands, extending its rule to other lands and other continents, producing endless articles needed by mankind, and carrying these to the ends of the earth in their own ships. These Japanese have per-

ceived that the interchange of commodities between most countries of the globe is preponderatingly in the hands of the British—in fact, that the enterprise of British merchant or British ship-owner has placed practically the whole universe under tribute.

May not insular Japan become in time the Asiatic equivalent of Great Britain? Japan is advantageously located, and by common consent is now dominant in the Far East. Years ago, England ceased to be an agricultural country; and the products of British workshops now buy food from other nations and provide, besides, for the keeping of a money balance at home. Nature has decreed that Japan, likewise, can never be an agricultural land. Why, then, may she not do what England has done? England has her India, pregnant with the earth's bounty, and her Australia, yet awaiting completer development by man. Why may not the great Middle Kingdom become the handmaid of Japan, without any disturbance of dynastic affairs, and primitive Corea be a fair equivalent of the Antipodean continent? It is known to be Japan's plan to speedily colonize Corea and Manchuria with her surplus population.

"Prestige and opportunity make this attainable," insist the ambitious sons of Japan; "and, while it is probably too late to expand the political boundaries of our Empire, we surely may make Nippon the seat of a mighty commercial control, including in its sphere all of China proper, Manchuria and Corea—welding them into 'commercial colonies' of Japan."

"But are not these countries stipulated and guaranteed by the Powers to be 'open-door' countries—meaning that your people can enjoy no special trade advantage in them?" you ask.

"Emphatically are they open to the enterprise of all comers; but there are four potential advantages that must accrue to the benefit of Japanese trade—geographical position, necessity for recouping the cost of the war, a nearly identical written language, and superabundance of capable and inexpensive labor. With these advantages and practical kinship, we fear no rivalry in the creation of business among the Mongol races," adds the man speaking for the new Japan.

It calls for little prescience to picture a mighty Japanese tonnage on the seas in the near future. Next to industrial development, the controlling article of faith of the awakening Japan is the creation of an ocean commerce great enough to make the

Japanese the carriers of the Orient. There can be nothing visionary in this, for bountiful Asia is at present almost without facilities of her own for conveying her products to the world's markets. Indeed, were present-day Japan eliminated from consideration, it would be precisely correct to say that Asia possesses no oversea transportation facilities.

The merchant steamship is intended to play an important rôle in Japan's elevation. Shipping is to be fostered by the nation until it becomes a great industry, and it will be the aim of the Mikado's Government to provide for constructing ships for the public defence up to 19,000 tons burden, and making the country independent of foreign yards through being able to produce advantageously commercial vessels for any requirement. Japan is blind neither to the costliness of American-built ships nor to the remoteness of European yards. The war with Russia was not half over when it was apparent that Japan would not hereafter be dependent upon the outer world for vessels of war or of commerce.

In the war with China, eleven years ago, Japan had an insufficient number of vessels to transport her troops. The astute statesmen at Tokyo, recognizing the error of depending upon ships controlled by foreigners for the transportation requirements of an insular nation, speedily drafted laws looking to the creation of a native marine, which might be claimed in war time for governmental purposes. The bestowal of liberal bounties transformed Japan in a few short years from an owner of craft of the mere junk class to a proprietor of modern iron-built vessels of both home construction and foreign purchase. In the late campaign, there was no comparison between the seamanship of the agile son of Japan and that of the hulking peasant of interior Russia. Native adaptability and willingness to conform to strict discipline unite in making the Japanese a seaman whose qualities will be telling in times of peace.

Of late years, hundreds of clever young Japanese have served apprenticeships in important shipyards in America, England, Germany and France, with the result that there are to-day scores of naval architects and constructors in Japan who are the equals of any in the world. Whether as designers, yard-managers or directors of construction, the Japanese, with their special schooling, have now nothing to learn from foreign countries. The genius of some of these men played a part in Togo's great victories.

Japanese men of affairs pretend to see little difficulty in the way of their nation controlling the building of ships for use throughout the East. Local yards are already constructing river gunboats and torpedo craft for the Chinese Government; and it is reasonable to believe that, a year or two hence, their hold upon the business will amount practically to a monopoly. British firms with yards at Singapore, Hong-Kong and Shanghai are not rejoiced at the prospect of Japanese rivalry. It is possible that the Japanese may become ship-builders for our own Philippine archipelago; certainly, no Korean order will hereafter go to other than a Japanese yard.

Already the shipyards of the islands are ringing with the sounds of Japan's upbuilding. The Government has under construction a battle-ship of 18,000 tons, as well as a cruiser of 12,000 tons; and the plant of the Mitsubishi Company, at Nagasaki—among the largest in the world—is to be enlarged to accommodate increasing demands. The enormous "Minnesota," of the Great Northern Steamship Company, has recently been repaired at Nagasaki in a dry dock having eighty feet in length to spare.

Japanese steamship lines already ply to Europe, Australia, Bombay, Eastern Siberia, China, Corea and Saghalin, and to San Francisco and Puget Sound ports. A company was recently formed to develop a service between Panama, the Philippines and Japanese ports, in anticipation of the completion of the Panama Canal; and, further perceiving the opportunity rapping at her door, Japan is preparing to place a line on the ocean that will bring the wool, hides and grain of the River Plate region to her markets at the minimum of expense. The undisguised purpose of this South-American venture is to get cheap wheat from Argentina. Rice in Japan is giving way, as a staple food, to bread made from wheat, or from a mixture of wheat and rice and other cereals. It is further known that Japan is casting covetous eyes on the trade of Brazil, and the line to the Plate may be extended to Brazilian ports.

In 1894, Japan had only 657,269 tons of merchant shipping; she has now upwards of a million tons, represented by 5,000 registered vessels. Almost half the steamers entering Japanese ports fly the flag of the Rising Sun, and Japan's tonnage at this time is greater than that of Russia, Austria, Sweden, Spain, Denmark or Holland. In the matter of oversea tonnage, Japan is far

ahead of the United States. One fleet of Japanese mail-steamers, the Nippon Yusen Kaisha, whose president, Rempei Kondo, is one of Japan's most progressive men, is numerically and in tonnage larger than any ocean line under the Stars and Stripes. It has seventy ships, aggregating 236,000 tons. A dozen of its vessels, making the service between Yokohama and London, are fourteen-knot ships.

These facts should be considered by every American who complacently believes that the traffic of the countries and islands washed by the Pacific is open to American enterprise whenever we bid for it. When Eastern trade develops in magnitude, it may be found that the Japanese have laid permanent hold upon its carriage and interchange. John Bull, be it remembered, drove the American merchantman from the Atlantic; and Japan may capture the carrying business of the Pacific. It must be obvious that the nation which controls the transportation of the Far East can readily control its trade; and it is sounding no false alarm to cite facts and conditions which show that the awakening lands of Eastern Asia have more in store for energetic Japan than for the United States.

If it be conceded that Japan will absorb the bulk of the shipping of the Pacific as it develops, there are no valid reasons for fearing Japan as the trade competitor of the United States. Unquestionably, Japan is to exploit the industry of her people; but the same poverty of resources which makes this imperative insures for Uncle Sam a valuable partnership in the programme. Japan is bristling with workshops and mills, in which a hundred forms of handiwork will be developed; and, in a majority of these, the adaptive labor of the Japanese will fabricate, from materials drawn from America, scores of forms of merchandise, which Japanese enterprise will distribute throughout China, Manchuria, Corea and Japan—the “Greater Japan,” as British publicists are calling that group of countries. Methods, materials, machinery, tools—all will be American.

Having made no systematic appeal for the trade of the Far East, in its broadest sense, America enjoys but small share of it. In the past few years our exports to Japan, however, have grown rapidly—chiefly in raw cotton and other unmanufactured materials. With Japanese selling-agents canvassing lands inhabited by half a billion people, the products of America are to have

enhanced consumption. This trade in Mongol countries, although vicarious, may run to large dimensions.

The leading item of Japan's industrial promotion programme is to become manufacturer of a goodly portion of the textiles worn in her vast "sphere of commerce." The Japanese have seen that the British Isles, growing not a pound of cotton, spin and weave the staple for half the people of the earth, and they wish to profit by the example of their prosperous ally. To this end, cotton-mills have sprung into existence throughout Japan and in these American-grown fibre is transformed by the cheapest competent labor in the world into fabrics sold to the millions of China and Japan. It is certain that the chief manufacture of Japan will be cotton, and the production of woollen cloths may come next. It is interesting to know that Japan increased the value of her exports of cotton manufactures to China from \$251,363 in 1894 to \$16,126,054 in 1904.

"Why not fabricate her own raw silk, and send it to market ready for wear?" asks the foreigner, reluctant to believe that Japan will seek to compete with Lancashire in the spinning of cotton. The answer is simple—it is because America is the principal purchaser of Japan's silk. Were it brought across the Pacific in manufactured form, the duty would be almost prohibitive; in its unmanufactured state, it enters this country free.

Great progress must be made before Japanese business may be considered a "menace" to any nation enjoying Eastern trade, for the yearly value of Japan's manufactures is now only about \$150,000,000, an average of less than \$3 *per capita* of her population. America has single cities that produce more. The combined capital of all organized industrial, mining, shipping, banking and agricultural undertakings in Japan is only \$425,000,000, less than half that of the United States Steel Corporation.

The Mikado's Empire is bound to Great Britain by a political alliance of unusual force; but industrial Japan must, of necessity, be linked to the United States by commercial ties even stronger. Distance between Europe and Japan, and excessive Suez Canal tolls, give unassailable advantage to the United States as purveyor of unwrought materials to the budding New England of the Far East.

FREDERIC COURTLAND PENFIELD.